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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended October 27, 2012
or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 1-8897

BIG LOTS, INC.

(Exact name of registrant as specified in its charter)

Ohio
(State or other jurisdiction of incorporation or organization)

06-1119097
(I.R.S. Employer Identification No.)

300 Phillipi Road, P.O. Box 28512, Columbus, Ohio
(Address of principal executive offices)

43228-5311
(Zip Code)

(614) 278-6800
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

The number of the registrant's common shares, \$0.01 par value, outstanding as of November 30, 2012, was 57,894,062.

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BIG LOTS, INC.
FORM 10-Q
FOR THE FISCAL QUARTER ENDED OCTOBER 27, 2012

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The components of combined net periodic pension cost were as follows:

(in thousands)	Third Quarter		Year-to-Date	
	2012	2011	2012	2011
Service cost – benefits earned in the period	\$ 543	\$ 552	\$ 1,628	\$ 1,658
Interest cost on projected benefit obligation	823	874	2,469	2,622
Expected investment return on plan assets	(772)	(1,157)	(2,317)	(3,470)
Amortization of actuarial loss	587	449	1,759	1,347
Amortization of prior service cost	(9)	(9)	(26)	(26)
Amortization of transition obligation	3	4	10	10
Settlement loss	6	291	264	291
Net periodic pension cost	\$ 1,181	\$ 1,004	\$ 3,787	\$ 2,432

We currently expect no required contributions to the qualified defined benefit pension plan during 2012. We will contribute to the nonqualified supplemental defined benefit pension plan as benefits are paid to plan participants, if any, because the nonqualified plan is not a funded plan.

NOTE 7 – INCOME TAXES

Based on an evaluation of currently available information, we have fully reduced the amount of net deferred income tax assets (including a net operating loss carryforward) of our Canadian segment, as well as the deferred tax benefit of the loss generated by our Canadian segment since the acquisition, by a valuation allowance.

We have estimated the reasonably possible expected net change in unrecognized tax benefits through November 2, 2013, based on (1) expected cash and noncash settlements or payments of uncertain tax positions, and (2) lapses of the applicable statutes of limitations for unrecognized tax benefits. The estimated net decrease in unrecognized tax benefits for the next 12 months is approximately \$4.0 million. Actual results may differ materially from this estimate.

NOTE 8 – CONTINGENCIES

On May 21, May 22 and July 2, 2012, three shareholder derivative lawsuits were filed in the U.S. District Court for the Southern District of Ohio against us and certain of our current and former outside directors and executive officers (Jeffrey Berger, David Kollat, Brenda Lauderback, Philip Mallott, Russell Solt, Dennis Tishkoff, Robert Claxton, Joe Cooper, Steven Fishman, Charles Haubiel, Timothy Johnson, John Martin, Norman Rankin, Paul Schroeder, Robert Segal and Steven Smart). The lawsuits were consolidated, and on August 13, 2012, Plaintiffs filed a consolidated complaint, which generally alleges that the individual defendants traded in our common shares based on material, nonpublic information concerning our guidance for fiscal 2012 and the first quarter of fiscal 2012 and by failing to suspend our share repurchase program. The consolidated complaint asserts claims under Ohio law for breach of fiduciary duty, unjust enrichment, misappropriation of trade secrets and corporate waste and seeks declaratory relief and disgorgement to us of proceeds from any wrongful sales of our common shares, plus attorneys' fees and expenses. The defendants have filed a motion to dismiss the consolidated complaint, and that motion is fully briefed and awaiting a decision.

In addition, on July 9, 2012, a putative securities class action lawsuit was filed in the U.S. District Court for the Southern District of Ohio on behalf of persons who acquired our common shares between February 2, 2012 and April 23, 2012. This lawsuit was filed against us, Mrs. Bachmann, Mr. Cooper, Mr. Fishman and Mr. Haubiel. The complaint in the putative class action generally alleges that the defendants made statements concerning our financial performance that were false or misleading. The complaint asserts claims under sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 and seeks damages in an unspecified amount, plus attorneys' fees and expenses. No response to the complaint is yet required.

We believe that these lawsuits are without merit, and we intend to defend ourselves vigorously against the allegations levied in these lawsuits. While a loss from these lawsuits is reasonably possible, at this time, we cannot reasonably estimate the amount of any loss that may result or whether the lawsuits will have a material impact on our financial statements.

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On November 29, 2012, we received a grand jury subpoena from the U.S. Attorney for the Southern District of New York requesting documents relating to Mr. Fishman's trades in our common shares. We are fully cooperating with the U.S. Attorney in connection with the subpoena. We also understand that the SEC has initiated an inquiry into this matter, but we have not yet received a document request from the SEC.

We are involved in other legal actions and claims arising in the ordinary course of business. We currently believe that each such action and claim will be resolved without a material effect on our financial condition, results of operations, or liquidity. However, litigation involves an element of uncertainty. Future developments could cause these actions or claims to have a material effect on our financial condition, results of operations, and liquidity.

NOTE 9 – BUSINESS SEGMENT DATA

We manage our business as two segments: U.S. and Canada. The following tables summarize net sales, results of operations, and total assets, by segment:

(in thousands)	Thirteen Weeks Ended					
	October 27, 2012			October 29, 2011		
	U.S.	Canada	Total	U.S.	Canada	Total
Net sales	\$ 1,095,180	\$ 39,025	\$ 1,134,205	\$ 1,116,756	\$ 21,530	\$ 1,138,286
Depreciation expense	26,006	584	26,590	22,384	489	22,873
Operating profit (loss)	(2,383)	(4,309)	(6,692)	15,788	(6,882)	8,906
Interest expense	(1,490)	(1)	(1,491)	(921)	(1)	(922)
Other income (expense)	2	44	46	9	(228)	(219)
Income (loss) from continuing operations before income taxes	(3,871)	(4,266)	(8,137)	14,876	(7,111)	7,765
Income tax expense (benefit)	(2,149)	—	(2,149)	3,524	—	3,524
Income (loss) from continuing operations	\$ (1,722)	\$ (4,266)	\$ (5,988)	\$ 11,352	\$ (7,111)	\$ 4,241

(in thousands)	Thirty-Nine Weeks Ended					
	October 27, 2012			October 29, 2011		
	U.S.	Canada	Total	U.S.	Canada	Total
Net sales	\$ 3,540,438	\$ 106,285	\$ 3,646,723	\$ 3,507,231	\$ 25,464	\$ 3,532,695
Depreciation expense	75,898	2,251	78,149	64,397	568	64,965
Operating profit (loss)	115,239	(13,745)	101,494	162,234	(7,269)	154,965
Interest expense	(2,721)	(1)	(2,722)	(1,966)	(791)	(2,757)
Other income (expense)	2	43	45	163	(216)	(53)
Income (loss) from continuing operations before income taxes	112,520	(13,703)	98,817	160,431	(8,276)	152,155
Income tax expense	41,935	—	41,935	59,669	—	59,669
Income (loss) from continuing operations	\$ 70,585	\$ (13,703)	\$ 56,882	\$ 100,762	\$ (8,276)	\$ 92,486

(in thousands)	October 27, 2012			January 28, 2012		
	U.S.	Canada	Total	U.S.	Canada	Total
	U.S.	Canada	Total	U.S.	Canada	Total
Total assets	\$ 1,991,399	\$ 73,503	\$ 2,064,902	\$ 1,586,035	\$ 55,275	\$ 1,641,310